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FISCAL IMPACT STATEMENT

LS 6559

BILL NUMBER: SB 501

NOTE PREPARED: Jan 8, 2013

BILL AMENDED:

SUBJECT: Waiver of Unemployment Benefit Overpayments.

FIRST AUTHOR: Sen. Becker

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill waives liability for repayment of unemployment benefits that were paid after July 1, 2011, to an individual who was not entitled to receive the benefits solely because of changes to the unemployment insurance law made by HEA 1450-2011 (P.L.2-2011).

Effective Date: July 1, 2013.

Explanation of State Expenditures: The bill would affect the Department of Workforce Development (DWD). Information from DWD is not available at this time regarding overpayments due solely to HEA 1450-2011, nor how many of those overpayments were due to no fault of the claimant.

Currently, DWD has an obligation to recover overpayments that are deemed not to include work search, employment service registration, base period wage issues, and miscellaneous issues. The rate of these types of recoverable overpayments (known as the "operational rate") was 9.41% of all payments in Indiana during FY 2012 according to a U.S. Department of Labor statistical survey. Total benefits paid in FY 2012 to UI claimants in Indiana were \$794.8 M, so these recoverable payments (using the federal operational rate for Indiana) for the year are approximately \$75 M. No information is yet available for FY 2013.

The bill requires the waiver of overpayment repayment liability to be limited to claimants who received overpayments through no fault of their own. The U.S. Department of Labor survey indicates that in FY 2012, 19.98% of all improper payments/overpayments (including those that are not recoverable) were due to no fault of the claimant.

Background Information: HEA 1450-2011 - This legislation eliminated eligibility for individuals employed by Head Start or an Early Head Start program, on-call employees, employees on a regularly scheduled vacation, and those workers who have received severance pay and/or a voluntary buyout.

U.S. Department of Labor Benefit Accuracy Measurement (BAM) Program - BAM is a quality control statistical survey used to identify errors in state unemployment insurance programs. BAM sampled 483 unemployment insurance cases from Indiana during FY 2012.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development.

Local Agencies Affected:

Information Sources: U.S. Department of Labor - State Improper Payments and Integrity Initiatives, 2012 IPIA Overpayment Rate (http://ows.doleta.gov/unemploy/improp_payinitiatives.asp#).

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